

HEALTH SERVICES AND DEVELOPMENT AGENCY
MINUTES
SEPTEMBER 24, 2008

AGENCY MEMBERS PRESENT

Koella, Carl, III, Chair
Handorf, Charles, M.D., Vice Chair
Atchley, Bryan
Collier, David, designee for the TennCare Director
Lammert, Gregory
Troy, Peggy
Weaver, Faye, designee for the Comptroller of the Treasury

AGENCY MEMBERS ABSENT

Caldwell, Gene, M.D.
Jones, Clark
Morris, John, designee for the Commissioner of Commerce and Insurance

AGENCY STAFF PRESENT

Hill, Melanie, Executive Director
Bobbitt, Melissa, Administrative Services Assistant III
Brogden, Reid, General Counsel
Christoffersen, Jim, Deputy General Counsel
Craighead, Alecia, Statistical Analyst III
Earhart, Phillip, Health Planner III
Farber, Mark, Assistant Executive Director
Finchum, Rhonda, Office Manager
Wells, Phil, Health Planner III

GUESTS PRESENT

Amble, Greg, The Evangelical Lutheran Good Samaritan Society
Berry, Jack, Mercy Health Partners
Brent, Michael D., Esq., Boulton, Cummings, Connors & Berry
Brown, Dere, National HealthCare Corporation
Cochran, Gary, WyndRidge Health & Rehab
Cook, Tom, Administrator, Cancer Care Center
Cross, Cindy, Life Care Centers
Cross, Linda, Life Care Centers
Culp, Joe, Department of Health
Day, Edwin W., Consultant
Denney, Mike, CEO, Wyndridge Health System
Dodson, Kellie, Cumberland Ridge, ALC
Duncan, Bruce, National HealthCare Corporation
Elrod, Dan H., Esq., Miller & Martin
Ferraro, S., Bass, Berry & Sims
Frazier, Linda, Mountain States Health Alliance
Gee, Tom, Administrator, Henry County Medical Center
Gooch, Scott, Life Care Centers

Gravel, Jeremy, Life Care Centers
Harkness, Eric, Planning & Research Coordinator, Division of Health Planning, Finance & Administration
Hoffman, Harvey, FFG Community Club
Houchin, Barbara, Executive Director, St. Thomas Health Services
Koella, Beth
Linn, Laura, Mountain States Health Alliance
Lodge, Sarah, Miller & Martin
Looney, Kim Harvey, Esq., Waller, Lansden, Dortch & Davis
Maples, Arthur, Director Government Operations, Baptist Memorial Health Care Corporation
McAfee, Rick, Life Care Centers
Merville, LaDonna, Hospital Alliance of Tennessee
Morrison, Kyle
Mountz, Rick, Regional Vice President, Life Care Centers
Neely, Barbara, WyndRidge Health and Rehab
Ockerman, Jeff, Director, Health Planning, Tennessee Department of Finance & Administration
Penny, Linda, Comptroller's Office
Permenter, William, M.D., Radiation Oncology Associates
Perryman, Mike, CFO, Baptist Memorial Hospital-Union City
Pigg, Mike, Life Care Centers
Preston, Forrest, Life Care Centers
Puri, Christopher, Esq., Boulton, Cummings, Connors & Berry
Savich, Theresa, WyndRidge Health & Rehab
Stephenson, Kate, Esq., Trauger & Tuke
Taylor, Jerry W., Esq., Farris, Mathews, Branan, Bobango, Hellen & Dunlap, PLC
Thomason, James, The Evangelical Lutheran Good Samaritan Society
Thompson, Ann R., RN, BSN, MBA, Director of Licensure, Department of Health
Trauger, Byron R., Esq., Trauger & Tuke
Watson, H. Alan, CEO, Scott County Hospital
Williams, Melvin, DPM, Podiatrist, Williams Surgery Center, Inc.
Ziegler, Derick, Administrator, Baptist Memorial Hospital-Union City

Chairman Koella, called the meeting to order at 8:30 a.m. in Meeting Room 12, of The Legislative Plaza, Nashville, Tennessee.

DIRECTOR'S ANNOUNCEMENTS

Melanie Hill, Executive Director, made general announcements. Ms. Hill stated that due to holidays the 2008 November and December meetings will be held on November 19th and December 17th.

OTHER BUSINESS

- 1) State Health Plan – Jeff Ockerman, Director, Division of Health Planning, Finance & Administration discussed the status of development of the state health plan.

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON applications:

Good Samaritan Society Fairfield Glade - (Crossville, Cumberland County) - Project No. CN0806-035

The establishment of a new thirty (30)-bed nursing home for skilled nursing services. If approved the beds will be licensed as nursing home beds and dually certified for participation in Medicare and Medicaid. The nursing home will be located on a not yet assigned address on the corner of the intersection of Catoosa Boulevard and North Ridge Drive in the Fairfield Glade community of Crossville (Cumberland County), TN. Project Cost \$6,228,253.00. * These beds will be subject to the 125 Nursing Home Bed Pool for 2007-2008.

Michael D. Brent, Esq., representing the applicant, addressed the Agency. Speaking in support were: James R. Thomason, The Evangelical Lutheran Good Samaritan Society; Kyle Morrison; Harvey Hoffman, FFG

Community Club; and Forrest Preston, Life Care Centers. Present were: Christopher C. Puri, Esq.; and Greg Amble, The Evangelical Lutheran Good Samaritan Society.

Opposing the project were: Jerry W. Taylor, Esq. representing WyndRidge Health System and Mike Denney, CEO, WyndRidge Health System.

Mr. Brent rebutted.

Mr. Taylor summated for the opposition.

Mr. Brent summated for the applicant.

Ms. Troy moved for approval of the project based on: 1) Need – The need has been demonstrated through fundraisers and community support of the people living in the community; 2) Economic Feasibility – The project is economically feasible conservatively; and 3) The project does contribute to the orderly development of adequate and effective health care as the Health Report indicated the need for additional beds in the community and this project will help, if not fulfill, the need. Mr. Lammert seconded the motion. The motion CARRIED [6-1-0]. **APPROVED**

AYE: Troy, Lammert, Handorf, Weaver, Collier, Koella

NAY: Atchley

Scott County Hospital - (Oneida, Scott County) - Project No. CN0806-037

The initiation of full-time magnetic resonance imaging (MRI) services in an existing building. This project will not increase or decrease any licensed bed complement. No other major medical equipment will be involved and no other health services are being proposed. Project Cost \$2,433,942.00.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency. H. Alan Watson, CEO, spoke on behalf of the project.

Ms. Troy moved for approval of the project based on: 1) Need – The project is needed for the citizens to not have to travel outside the community for the service; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care. Dr. Handorf seconded the motion. The motion CARRIED [6-0-1]. **APPROVED**

AYE: Troy, Handorf, Atchley, Weaver, Collier, Koella

NAY: None

ABSTAINED: Lammert

Life Care Center of Missionary Ridge - (Chattanooga, Hamilton County) - Project No. CN0806-038

The replacement and relocation of a current seventy-eight (78)-bed nursing home facility from 708 Dwight Avenue to 5501 Old Hixson Pike, Chattanooga (Hamilton County), TN (approximately 10 miles away). The new construction will replace the existing forty-one year old building and add thirty (30) beds, increasing the licensed beds from 78 to 108. However, there will be no net increase in licensed beds from the Hamilton County service area as Life Care Center of East Ridge will de-license thirty (30) beds upon approval of this project. Project Cost \$16,096,135.00. * These beds will be subject to the 125 Nursing Home Bed Pool for 2007-2008.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Rick Mountz, Regional Vice President, Life Care Centers, and Forrest Preston, Life Care Centers spoke on behalf of the project. Cindy S. Cross, Sr. Director of Legal Services was present in support.

Mr. Atchley moved for approval of the replacement and relocation and the addition of the remaining 21 beds in the 2007-2008 Nursing Home Bed Pool based on: **Condition: The addition of 21 beds at the relocation center and delicensure of 21 beds at the East Ridge facility.** 1) Need – The need is definitely there since there is not an increase of the number of licensed beds in the area for the replacement of a forty-one (41) year old facility; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care for a new

HEALTH SERVICES AND DEVELOPMENT AGENCY

SEPTEMBER 24, 2008 MEETING

- PAGE 3 -

facility with at least 27 private rooms where there are currently no private rooms. Dr. Handorf seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Troy, Lammert, Handorf, Atchley, Weaver, Collier, Koella
NAY: None

Johnson City Medical Center - (Johnson City, Washington County) - Project No. CN0806-039

The relocation of magnetic resonance imaging (MRI) services from 219 Princeton Rd., Johnson City (Washington County), TN 37601 to 301 Med Tech Pkwy., Johnson City (Washington County), TN 37604. Mountain States Health Alliance (MSHA) will continue the lease agreement with State of Franklin Healthcare Associates (SOFHA) Outpatient Diagnostic Center (ODC) that allows Johnson City Medical Center (JCMC) to use equipment, space and staff of the facility to provide MRI services on a part-time basis per approved CN0308-064A. SOFHA-ODC is relocating to a new building at 301 Med Tech Pkwy., Johnson City (Washington County), TN 37604 per approved CN0511-106A. No major medical equipment will be acquired by the applicant and there will be no new beds. Project Cost \$461,800.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Linda Frazier was present.

Dr. Handorf moved for approval of the project based on: 1) Need – The need is established by the applicant sharing a magnet as has been done; 2) Economic Feasibility – The project is economically feasible and cash reserves are available; and 3) The project does contribute to the orderly development of adequate and effective health care. Mr. Atchley seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Troy, Lammert, Handorf, Atchley, Weaver, Collier, Koella
NAY: None

Cancer Care Center of Union City, LLC - (Union City, Obion County) - Project No. CN0806-040

The initiation of linear accelerator services using equipment and related assets currently owned and operated by Baptist Memorial Hospital-Union City. The project will utilize the existing linear accelerator and other radiation oncology equipment in approximately 11,261 sq. ft. of space. The project establishes a new provider for existing radiation oncology and does not affect beds or add any new linear accelerators. Project Cost \$4,703,225.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. William Permenter, M.D., Radiation Oncology Associates spoke on behalf of the project. Present in support were: Tom Cook, Administrator, Cancer Care Center; Derick Ziegler, Administrator, Baptist Memorial Hospital-Union City; Mike Perryman, CFO, Baptist Memorial Hospital-Union City; and Arthur Maples, Director Government Operations, Baptist Memorial Health Care Corporation.

Mr. Lammert moved for approval of the project based on: 1) Need – There is a need for the service to continue in the area; 2) Economic Feasibility – The project is economically feasible through the lease and cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care as the hospital physicians' group will share responsibilities to ultimately provide better services to the patients. Ms. Troy seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Troy, Lammert, Handorf, Atchley, Weaver, Collier, Koella
NAY: None

GENERAL COUNSEL'S REPORT

Reid Brogden summarized the following request for modifications:

Williams Surgery Center, Inc. - (Murfreesboro, Rutherford County) - Project No. CN0607-052A

The request for a six (6) month extension of the expiration date from December 1, 2008 to June 1, 2009. This project was approved at the October 25, 2006 meeting for the establishment of a single specialty ambulatory surgical treatment center (ASTC) limited to podiatry performed by Dr. Williams with one (1) operating room and a single pre-and post-op recovery room located in approximately 540 square feet of space with a project cost of \$165,888.60.

Melvin Williams, DPM, Podiatrist, addressed the Agency on behalf of the request. Ed Day, Consultant was present.

Mr. Koella moved for approval of the request to extend the expiration from December 1, 2008 to December 1, 2009. Dr. Handorf seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Troy, Lammert, Handorf, Atchley, Weaver, Collier, Koella
NAY: None

CONTESTED CASES

Henry County Medical Center, CN0710-076D, Docket No. 25.00-098019J

The Initial Order was presented to the Agency.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency. Tom Gee, CEO, was present.

Dr. Handorf moved to not take action to review the order, the result being to let the order become the Final Order of the Agency. Ms. Troy seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Troy, Lammert, Handorf, Atchley, Weaver, Collier, Koella
NAY: None

MINUTES

The minutes of the August 27, 2008, meeting were accepted by unanimous voice vote.

ADJOURNMENT

There being no further business, the meeting adjourned.

Melanie M. Hill, Executive Director

MMH/mab